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**THE GODERICH ELEVATOR AND
TRANSIT COMPANY LIMITED**



72ND ANNUAL REPORT

For the Year Ended March 31, 1970

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual meeting of the shareholders of The Goderich Elevator & Transit Company Limited will be held at Goderich, Ontario, in the Company's Office on Friday, June 12, 1970, at the hour of 11:00 o'clock (DST) for the purpose of:

- (a) Receiving the report of the directors and financial statement for the year ended March 31, 1970;
- (b) Electing Directors;
- (c) Appointing Auditors;
- (d) Transacting such other business as may be properly brought before the meeting or any adjournment thereof.

By Order of the Board of Directors.

Dated at Goderich, Ontario
this 27th day of May, 1970.

J. C. CHISHOLM,
Secretary.

AR40

The Goderich Elevator & Transit Company Limited

To The Shareholders:

In the first half of the current fiscal year, earnings showed an improvement over the comparable period in 1969. During the year the Company adopted the policy of reporting profits and losses not typical of normal business activities as extraordinary items in the statement of earnings. Accordingly, certain of the 1969 comparative figures have been reclassified to conform with the 1970 presentation in the interim unaudited statement.

We generally caution shareholders that the first half earnings are not necessarily indicative of the full year's results and we would emphasize that here, knowing that the traditional filling of the Elevator and barges is taking place earlier this year. Other factors such as a large Ontario corn crop with a resulting drop in demand for Western feed grains would lead us to be cautious in predicting second half results.

The Western grain economy would appear to be embarking on better times than applied six months ago with improved sales of export wheat and a greater concentration on the production and marketing of feed grains. These points do not reflect directly on the outlook for your Company but, coupled with a healthy demand for the product in the East they do, and we tend to be optimistic.

Respectfully yours,

G. G. Parsons,
President and Managing Director.

Goderich, Ontario,
October 29th, 1970.

SOURCE OF FUNDS

Net profit for the period
Depreciation of properties
(not a cash outlay)

\$76,255

27,845

\$ 104,100

\$67,140

25,020

\$ 92,160

1970

1969

SOURCE AND APPLICATION OF FUNDS Six months ended Sept. 30

APPLICATION OF FUNDS

Dividends paid shareholders
Additions to fixed assets

63,125
7,020

70,145

42,083
78,570

120,653

INCREASE (DECREASE) IN WORKING CAPITAL

WORKING CAPITAL AT BEGINNING OF YEAR

33,955

741,394

(28,493)

794,293

WORKING CAPITAL AT SEPTEMBER 30

\$ 775,349

\$ 765,800

INTERIM STATEMENT OF INCOME Six months ended September 30th

REVENUE from elevation, storage,
shovelling and other charges

1970

* per share

\$ 372,850

1969

* per share

\$ 340,795

EXPENSES:

Operating expenses —

Wages of superintendent, weighmen,
etc.

\$ 101,890

86,280

Municipal taxes

24,140

24,210

Supplies, repairs and maintenance

29,680

41,185

Power, water and light

12,210

11,525

Insurance & elevator bond premiums

6,055

5,520

Insurance on grain in storage

3,110

4,560

Employees' pension plan

2,040

1,935

Depreciation of properties

27,345

25,020

Administration expenses —

Management and office salaries

18,650

16,415

Directors' fees

4,000

3,500

Office expenses, employee benefits,
travelling, donations, etc.

18,060

15,720

\$ 247,680

\$ 235,870

Income from operations

125,170

\$1.48

104,925

\$1.25

Investment income

18,165

.22

16,690

.20

Income for period before taxes on income
and extraordinary item

143,335

1.70

121,615

1.45

Taxes on income

66,320

55,000

Income for period before extraordinary
item

77,015

.92

66,615

.79

Extraordinary item:

Gain (loss) on sale of investments

(760)

525

Net income for period

\$ 76,255

.91

67,140

.80

Dividend paid in the period

\$ 63,125

.75

42,083

.50

NOTE 1. *Based on 84,166 shares.

2. The 1969 comparative figures in The Statement of Revenue and Expense have been reclassified to conform with the 1970 presentation.

THE GODERICH ELEVATOR AND TRANSIT COMPANY LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of The Goderich Elevator and Transit Company Limited of proxies to be used at the annual meeting of shareholders of the company to be held at the time and place and for the purposes set forth in the preceding notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the company at nominal cost. The cost of solicitation by management will be borne by the company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the company. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such shares will be voted for the approval of the directors' report and financial statements, and for the election of directors and the appointment of auditors as stated under those headings in this circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On the 31st of March, 1970 the Company had outstanding 84,166 common shares without nominal or par value, each carrying the right to one vote per share. The directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

The directors have fixed May 22, 1970 as the record date for the determination of the persons entitled to receive notice of and to attend and vote at the meeting.

ELECTION OF DIRECTORS

The board consists of 7 directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom, are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year they became directors of the Company, and the approximate number of shares of each class of the Company beneficially owned directly or indirectly by each of them, as of May 15th, 1970.

NAME	BECAME DIRECTOR	COMMON SHARES
FREDERICK H. DUNSFORD of St. Marys, Ontario Chairman of the Board since 1967 and Chairman of the Board of Great Star Flour Mills Limited	1943	361
HERBERT C. HEIMBECKER of Toronto, Ontario President of Parish & Heimbecker Limited	1962	67
GEORGE G. PARSONS of Goderich, Ontario President of the Company since 1967 and Manager since 1964	1965	520
KENNETH W. JONES of Winnipeg, Manitoba Manager of Winnipeg Charterers Limited	1966	85
KENNETH E. HUBLEY of Toronto, Ontario Manager, Toronto office of James Richardson and Sons Ltd.	1967	5
DAVID B. WELDON of London, Ontario President, Midland-Osler Securities Limited	1967	1,611
WALLACE T. POWELL of Winnipeg, Manitoba Vice-President of K. A. Powell Canada (1966) Limited	1969	7

Notes: (a) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(b) Unless otherwise stated above, each of the above named persons has held the principal occupation or employment indicated for at least five years.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- Aggregate direct remuneration paid or payable by the Company in the year ending March 31st, 1970 to the directors and senior officers of the Company (this includes remuneration of three employees not considered to be part of the management of the company) \$61,500
- Estimated aggregate cost to the Company in the year ending March 31st, 1969 of all pension or retirement benefits proposed to be paid to the *directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age \$ 1,280
- Maximum annual aggregate of all retirement allowances proposed to be paid in the future by the Company, pursuant to existing arrangements, to *directors or senior officers of the Company (excluding payments under plans referred to in paragraph (2) and payments to be made for or benefits to be received from group life or accident insurance, group hospitalization or similar group benefits or payments) \$ 1,305

* Directors of the Company are not entitled, as such, to any pension or retirement benefits.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Clarkson, Gordon & Co. Chartered Accountants, London, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Clarkson, Gordon & Co. have been auditors of the Company for more than five years.



DIRECTOR'S REPORT TO SHAREHOLDERS

Grain received in 1970 was 10,588,750 bushels, almost identical to receipts in the previous year, 10,348,056 bushels.

FINANCIAL REVIEW

In spite of similar volumes, revenue was considerably improved because of better storage earnings. Profit for the year at \$132,324 was \$1.57 per share compared to \$1.18 a year ago. Mention should be made of the change of policy in dividend payments. As advised last January, the Directors would prefer to consider extra dividends at this time of year rather than was past custom, declaring them in December before year-end results were

in. This had the effect this fiscal year of showing on the accompanying statements a dividend of \$1.00 per share. It was not the intention of the Directors to skip an extra dividend, and the effect within the shareholder's taxation year has not been changed. On the basis of the earning statement an extra dividend of .25c per share has been declared to accompany the regular .50c payable July 1st.

PLANT AND EQUIPMENT

Capital outlays were made during the year of approximately \$160,000 comprised mainly of automating certain weigh scales and completing installation of platform scales and truck unloading equipment. Under repairs, one of the six barges was towed to Collingwood Shipyard for drydocking. Purchasing the barges continues to have proven a sound investment. At this time there are no further major repair or capital expenditures planned, however your Directors continue to be on the look out for acquisitions or improvements that may benefit the business.

OUTLOOK

Navigation opened early this year and the first vessel unloaded April 17th, compared to May 1st in 1969. The demand for Western Feed Grain, particularly barley is heavy in view of the reduced yields in Ontario corn last year. This demand could be expected to continue at least until corn harvest this Fall. Export stocks are available for storage and the Elevators should be reasonably full this Summer. All-rail freight rates for feed grains from Thunder Bay to our area have recently been cut almost in half by the railroads. We foresee no competition from this move until the traditional filling of the Elevators and barges late this Fall. We would expect to comment on this further, and our ability to replace any lost handling when we issue the interim financial statements in October. Inflationary trends affecting most Canadian businesses are no stranger in the Elevator sector, with wages and taxes on an upward spiral and rates of revenue fixed by Government.

We appreciate all who have assisted through the year and gratefully acknowledge the contribution of officers and employees. We take this opportunity to express our appreciation to customers for their patronage.

For the Directors,
George G. Parsons,
President.

Goderich, Ontario.
May 27, 1970

The Goderich Elevator and

(Incorporated under the laws of Ontario)

BALANCE SHEET

March 31, 1970

(with comparative figures for 1969)

ASSETS

CURRENT:

	1970	1969
Cash	\$ 2,268	\$ 1,586
Investments—at cost (approximate market value—1970—\$708,942; 1969—\$749,770)	748,174	
Accrued interest	4,192	752,366
Accounts receivable	31,938	749,895
Accrued revenue from grain elevation and storage	17,551	21,417
Prepaid expenses	330	81,606
	<u>804,453</u>	<u>472</u>
		<u>854,976</u>

FIXED:

Land—at cost	3,118	3,118
Land and water lots held under lease— at nominal value	1	1
Docks, buildings, barges, machinery and equipment—at cost	2,201,456	2,041,202
	<u>2,204,575</u>	<u>2,044,321</u>
Less accumulated depreciation	1,168,241	1,113,044
	<u>1,036,334</u>	<u>931,277</u>
	<u>\$1,840,787</u>	<u>\$1,786,253</u>

the Laws of Ontario)

1970

figures for 1969)

CURRENT:

Shareholders' equity:

Authorized:

Issued and fully paid:

Retained earnings	569,688	521,530
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\$1,840,787	\$1,786,253
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On behalf of the Board,

F. H. Dunsford, Director

G. G. Parsons, Director

AUDITOR'S REPORT

To the Shareholders of

The Goderich Elevator and Transit Company Limited

We have examined the balance sheet of The Goderich Elevator and Transit Company Limited as at March 31, 1970 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**Clarkson, Gordon & Co.,
Chartered Accountants.**

London, Canada

May 7, 1970.

NOTES TO THE FINANCIAL STATEMENT

Year ended March 31, 1970

- (1) The aggregate remuneration of directors and senior officers (as such are defined under the requirements of the Corporations Act of Ontario) was \$61,500 for the year ended March 31, 1970 (\$54,800 for 1969). This includes remuneration of three employees not considered to be part of the management of the company.
- (2) 1969 comparative amounts have been changed to conform with classifications adopted for the 1970 year.

STATEMENT OF INCOME

Year ended March 31, 1970

(with comparative figures for 1969)

	1970	1969
Revenue from elevation, storage, shovelling and other charges	\$707,129	\$588,298
Expenses:		
Operating expenses—		
Wages of superintendents, weighmen, etc.	197,483	167,293
Municipal taxes	49,622	46,470
Supplies, repairs and maintenance	81,092	51,285
Power, water and light	26,092	18,574
Insurance and elevator bond premiums	16,350	13,749
Insurance on grain in storage	11,525	9,645
Employees' pension plan	3,985	4,600
	<u>386,149</u>	<u>311,616</u>
Depreciation of properties	55,197	43,165
Administration expenses—		
Management and office salaries	42,888	38,336
Directors' fees	7,000	6,986
Office expenses, employee benefits, travelling, donations, etc.	33,260	28,936
	<u>83,148</u>	<u>74,258</u>
	<u>524,494</u>	<u>429,039</u>
Income from operations	182,635	159,259
Investment income	33,986	33,131
Income for year before taxes on income and extraordinary item	216,621	192,390
Taxes on income—current	94,000	87,000
—deferred	4,000	(2,000)
	<u>98,000</u>	<u>85,000</u>
Income for year before extraordinary item	118,621	107,390
Extraordinary item:		
Gain (loss) on sale of investments	13,703	(7,902)
Net income for year	<u>\$132,324</u>	<u>\$ 99,488</u>

See accompanying notes to the financial statement.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended March 31, 1970

(with comparative figures for 1969)

	1970	1969
Working capital, beginning of year	\$794,293	\$815,921
Funds provided from:		
Operations—		
Net income for year	132,324	99,488
Add:		
Depreciation	55,197	43,165
Deferred income taxes	4,000	(2,000)
	<u>191,521</u>	<u>140,653</u>
Funds expended on:		
Payment of dividends	84,166	105,208
Purchase of fixed assets (net)	160,254	57,073
	<u>244,420</u>	<u>162,281</u>
Decrease in working capital	52,899	21,628
Working capital, end of year	<u>\$741,394</u>	<u>\$794,293</u>

STATEMENT OF RETAINED EARNINGS

Year ended March 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance beginning of year	\$521,530	\$527,250
Add net income for year	132,324	99,488
	<u>\$653,854</u>	<u>\$626,738</u>
Deduct dividends paid of \$1.00 per share in 1970 and \$1.25 per share in 1969	84,166	105,208
Balance end of year	<u>\$569,688</u>	<u>\$521,530</u>

DIRECTORS

F. H. DUNSFORD

Great Star Flour Mills Ltd.
St. Marys, Ontario

H. C. HEIMBECKER

Parrish & Heimbecker Ltd.
Toronto, Ontario

K. E. HUBLEY

Jas. Richardson & Sons Ltd.
Toronto, Ontario

K. W. JONES

Winnipeg Charterers Ltd.
Winnipeg, Manitoba

G. G. PARSONS

Goderich Elevator & Transit Co. Ltd.
Goderich, Ontario

W. T. POWELL

K. A. Powell Canada (1966) Ltd.
Winnipeg, Manitoba

DAVID B. WELDON

Midland-Osler Securities Ltd.
London, Ontario

EXECUTIVE OFFICERS

F. H. DUNSFORD

Chairman of the Board

G. G. PARSONS

President-Manager

DAVID B. WELDON

Vice-President

J. C. CHISHOLM

Secretary

J. B. LOCKHART

Treasurer

EXECUTIVE COMMITTEE

H. C. HEIMBECKER

Chairman

F. H. DUNSFORD

DAVID B. WELDON

AUDITORS

CLARKSON, GORDON & CO.

London, Ontario

BANKERS

ROYAL BANK OF CANADA

TRANSFER AND REGISTER AGENTS

CANADA PERMANENT TRUST COMPANY

1901 Yonge St., Toronto 7

